

AGREEMENT OF PURCHASE AND SALE AND INITIAL ESCROW INSTRUCTIONS

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
[Compton-Parmelee Armory]

This Agreement of Purchase and Sale and Initial Escrow Instructions ("**Agreement**"), dated for reference purposes only as _____, 2015, is entered into by and between _____ ("**Buyer**"), and THE STATE OF CALIFORNIA, acting by and through its DEPARTMENT OF GENERAL SERVICES (the "**State**"). State and Buyer are each referred to as a "**Party**" and collectively as the "**Parties**".

Recitals

A. State is the owner of certain property consisting of approximately ± 4.59 acres, and related improvements, located at 2320 N. Parmelee Avenue, City of Compton ("**City**"), County of Los Angeles ("**County**"), State of California, with Assessor's Parcel Number(s) 6145-004-900 and is legally described in Exhibit A attached hereto and made a part hereof (collectively the "**Property**").

B. As used herein, the term "**Property**" shall mean, collectively: (a) that certain parcel of land consisting of approximately ± 4.59 acres of land and more particularly described on Exhibit A attached hereto (the "**Land**"), and (b) all of State's right, title and interest (if any) in all improvements located on the Land (the "**Improvements**") or in any other real or personal property, tangible or intangible, located on the Land, subject to the terms and conditions set forth herein.

C. The Agreement contemplates that the Property is being sold by the Seller pursuant to the provisions of Chapter 798 of the Statutes of 2012, and in accordance with Military and Veterans Code Section 435 et seq.

D. Buyer desires to purchase the Property from State and State desires to sell the Property to Buyer upon the terms, conditions and provisions set forth in this Agreement

NOW THEREFORE, in consideration of the above recitals, all of which are expressly incorporated into this Agreement, and the mutual promises and covenants contained in this Agreement, the Parties agree as follows:

Agreement

1. Purchase and Sale. State agrees to sell and convey to Buyer, and Buyer agrees to purchase from State, the Property on the terms and subject to the conditions set forth in this Agreement. For the purpose of this Agreement, the date on which Escrow Holder acknowledges in writing receiving a fully executed copy of this Agreement shall be hereinafter referred to as the "**Effective Date**."

2. Purchase Price. The purchase price ("**Purchase Price**") for the Property shall be _____ DOLLARS (\$_____).

3. Payment of Purchase Price. The Purchase Price shall be payable by Buyer to State as follows:

(a.) Deposit; Release of Deposit; Non-Refundability. Buyer has provided Seller with a cashier's check in the amount of TEN THOUSAND AND NO/100THS DOLLARS (\$10,000.00) ("**Initial Deposit**"). No later than two (2) business days after Buyer executes the Agreement, Buyer shall deposit with Stewart Title of California, Inc., located at 525 North Brand Blvd., Glendale, CA 91203, Attention: Robert Good (Escrow No. 01180-110301) ("**Escrow Holder**") an additional sum of _____ DOLLARS (\$_____) ("**Additional Deposit**") for a total deposit amount of _____ DOLLARS (\$_____)

("Deposit"). If this Agreement has not been previously terminated by Buyer in accordance with the terms and conditions set forth herein by the end of the Contingency Period (as defined in Section 7(a)(ii), below), then upon the expiration of the Contingency Period (i) the entire Deposit shall be non-refundable to Buyer unless this transaction is not consummated solely as a result of State's default or a failure of a condition to Closing for the benefit of Buyer as set forth in Section 7(a), below, or as otherwise provided for in this Agreement. If Buyer fails to deliver the Deposit within the two (2) business day period, then such failure shall be deemed a Buyer default and this Agreement shall terminate and, except as otherwise provided in this Agreement, State and Buyer will have no further obligations or rights to one another under this Agreement.

(b.) Balance of Purchase Price. On or before the Close of Escrow, Buyer shall deposit with Escrow Holder the balance of the Purchase Price, in immediately available funds, which shall be paid to State at Close of Escrow.

(c.) Time of the Essence. Time shall be of the essence with respect to Buyer's obligations to pay the Deposit and all other funds under this Agreement.

4. Escrow.

(a.) Opening of Escrow. Escrow has been opened with Escrow Holder by State ("**Escrow**"). Buyer and State agree to execute and deliver to Escrow Holder, in a timely manner, all escrow instructions necessary to consummate the transaction contemplated by this Agreement. Any such supplemental instructions shall not conflict with, amend or supersede any portion of this Agreement. If there is any inconsistency between such supplemental instructions and this Agreement, this Agreement shall control. Escrow Holder shall, upon receipt of a fully executed copy of this Agreement, sign and date the Receipt by Escrow Holder attached hereto, and distribute it to all parties listed in the "Notices" sections of the Agreement.

(b.) Close of Escrow. For the purpose of this Agreement, the "**Close of Escrow**" shall be defined as the date that the Quitclaim Deed (as defined in Section 5, below) is recorded in the Official Records of the County. The Close of Escrow shall occur no later than thirty (30) calendar days following expiration of the Contingency Period.

5. Conditions of Title. The Property shall be conveyed to Buyer by State by a quitclaim deed, in the form as set forth in **Exhibit C ("Quitclaim Deed")**, subject only to (a) a lien to secure payment of real estate taxes and assessments, not delinquent; (b) the lien of current supplemental taxes, not delinquent; (c) such other title matters affecting the Property created by or with the written consent of Buyer; (d) all applicable laws, ordinances, rules and governmental regulations (including, but not limited to, those relative to building, zoning and land use, and Chapter 798 of the Statutes of 2012, and in accordance with Military and Veterans Code Section 435 et seq.) affecting the development, use, occupancy or enjoyment of the Property; (e) all matters which would be apparent from an inspection of the Property; (f) all matters which would be disclosed by a survey of the Property; and (g) exceptions which are approved and/or accepted by Buyer in accordance with Section 7(a)(i) of this Agreement (collectively, "**Approved Conditions of Title**").

6. Title Policy. Title shall be evidenced by Escrow Holder's title insurance underwriter ("**Title Company**") issuing its standard California Land Title Association ("**CLTA**") Owner's Policy of Title Insurance to Buyer in an amount equal to the Purchase Price, showing title to the Property vested in Buyer, subject only to the Approved Conditions of Title ("**Title Policy**"). Buyer shall pay the expense of issuing the Title Policy. If Buyer elects to have Escrow Holder issue its American Land Title Association ("**ALTA**") Extended Coverage Owner's Policy of Title Insurance, Buyer shall pay for the expense of such ALTA premium increment and any survey costs associated with such ALTA policy. In addition, Buyer shall pay for any endorsements to the Title Policy. Buyer's ability to obtain an ALTA policy shall not be a condition to the Close of Escrow.

7. Conditions to Close of Escrow.

(a.) Conditions to Buyer's Obligations. The Close of Escrow and Buyer's obligation to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions (or Buyer's waiver in writing thereof) for Buyer's benefit on or prior to the dates designated below for the satisfaction of such conditions, or the Close of Escrow in the absence of a specified date:

(i) Title. Pursuant to the terms and conditions of this subsection, Buyer shall have the right to approve any and all matters of and exceptions to title of the Property, as disclosed by the following documents and instruments (collectively, "**Title Documents**"): (A) a Preliminary Report issued by Escrow Holder with respect to the Property; and (B) legible copies of all documents, whether recorded or unrecorded, referred to in such Preliminary Report. State shall cause Escrow Holder to deliver the Title Documents to Buyer within five (5) calendar days following the Effective Date. Buyer shall have ten (10) calendar days following the Effective Date to give State and Escrow Holder written notice ("**Buyer's Title Notice**") of Buyer's approval or disapproval of the Title Documents. The failure of Buyer to give Buyer's Title Notice to State within the specified time period shall be deemed Buyer's approval of the Title Documents. In the event that Buyer's Title Notice disapproves of any matter of title shown in the Title Documents, State shall, within seven (7) business days after Buyer's Title Notice is received by State, give Buyer written notice ("**State's Title Notice**") of those disapproved title matters, if any, which State is unwilling or unable after reasonable and good

faith efforts to have eliminated from title to the Property by the Close of Escrow. If State's Title Notice refuses to remove any items disapproved by Buyer, or fails to deliver State's Title Notice, Buyer's sole remedy shall be to (i) proceed with the transaction contemplated hereby despite such objections, which shall thereupon irrevocably be deemed to have been withdrawn, or (ii) terminate this Agreement. Failure of Buyer to take either one of the actions described in clause (i) or (ii) in the previous sentence shall be deemed to be Buyer's election to take the action described in clause (i). If this Agreement is terminated pursuant to this Section 7(a)(i), the Deposit shall be returned to Buyer (provided that Buyer has complied with the terms of Section 22(n), and, except as otherwise provided in this Agreement, State and Buyer will have no further obligations or rights to one another under this Agreement;

(ii) Inspections and Studies/Costs. For the period of time commencing on the Effective Date and ending at 5:00 p.m. (PST) on the sixtieth (60th) calendar day thereafter ("**Contingency Period**"), Buyer shall have the right to conduct any and all non-destructive inspections, investigations, tests and studies (including, without limitation, investigations with regard to zoning, building codes and other governmental regulations, architectural inspections, engineering tests, economic feasibility studies and soils, seismic and geologic reports, environmental testing and investigations to determine if all needed entitlements can be procured in an acceptable form to develop Buyer's intended development) with respect to the Property as Buyer may elect to make or maintain. Nothing herein shall authorize any subsurface testing or drilling on the Property by Buyer or its environmental consultants unless specifically approved in writing by State, which State may condition or deny in its sole and absolute discretion. The cost of any such inspections, tests and/or studies shall be borne by Buyer.

(iii) Right of Entry; Indemnification. Between the Effective Date and the Close of Escrow (provided that Buyer approves the Property prior to the expiration of the Contingency Period), Buyer and Buyer's employees, agents, contractors, subcontractors and consultants (collectively, "**Buyer's Representatives**") shall have the right to enter upon the Property, at reasonable times during ordinary business hours, upon notice to State at least one (1) business day prior to entry, to perform such inspections, investigations, tests and studies. Buyer, in performing its inspections, investigations, tests and studies hereunder shall not unreasonably interfere with the operation of the Property, and agrees to coordinate its activities on the Property with State in advance to avoid any such interference. Following any such tests or inspections, Buyer agrees to promptly return any portions of the Property damaged or altered by Buyer during such tests or inspections to substantially the same condition which existed prior to such test or inspection. Buyer shall indemnify, defend and hold State and the Property harmless from any and all claims, damages or liabilities arising out of or resulting from the entry onto or activities upon the Property by Buyer or Buyer's Representatives or liens arising from Buyer's due diligence review of the Property. Prior to entry onto the Property by Buyer or Buyer's Representatives, Buyer shall furnish State with a copy of Buyer's or Buyer's Representatives, as applicable, policy of commercial general liability insurance issued by a financially responsible insurance company (at least an A VIII rating in the most recent edition of *Best's Insurance Guide*), in form and substance acceptable to State and having limits of no less than \$2 million and naming State as an additional insured, covering Buyer's entry on the Property, and Buyer's obligations under this Section 7(a)(iii).

(iv) Contingency Period Notice. Prior to the expiration of the Contingency Period, Buyer shall deliver to State and Escrow Holder written notice ("**Contingency Period Notice**") of its approval or disapproval of the Property and the Documents and Materials (as defined in Section 7(a)(viii) below). The failure of Buyer to timely deliver the Contingency Period Notice shall be deemed to constitute Buyer's approval of the Property and the Documents and Materials. In the event Buyer timely delivers the Contingency Period Notice to State disapproving the Property then the Deposit shall be returned to Buyer (provided that Buyer has complied with the terms of Section 22(n) below), and, except as otherwise provided in this Agreement, State and Buyer will have no further obligations or rights to one another under this Agreement. If this Agreement is terminated pursuant to this subsection, Buyer shall deliver to State (i) the Documents and Materials delivered to Buyer by State, and (ii) at no cost and without warranty as to correctness, copies of all reports, studies, maps and engineering studies that were generated by third parties for Buyer with respect to the Property, including, but not limited to, all environmental reports, surveys, marketing reports, geotechnical reports, lot studies and improvement plans.

(v) Title Insurance. As of the Close of Escrow, Title Company shall have committed to issue the Title Policy to Buyer;

(vi) State's Representations. All representations and warranties made by State to Buyer in this Agreement shall be true and correct on the date hereof and shall be true and correct in all material respects as of the Close of Escrow;

(vii) State's Obligations. As of the Close of Escrow, State shall have performed all of the obligations required to be performed by State under this Agreement; and

(viii) Documents and Materials. To assist Buyer in Buyer's due diligence, on or before May 21, 2015 State delivered to Buyer all of the documents and materials described on **Exhibit B** attached hereto, to the extent within State's possession or control ("**Documents and Materials**"). By executing this Agreement, Buyer acknowledges receipt of the Documents and Materials on or before May 21, 2015. State makes no representation concerning the adequacy or accuracy of any of the Documents and Materials. These materials have been furnished solely for the purpose of assisting Buyer in its due diligence, a part of which is Buyer's independent determination as to the reliability and completeness of the information contained therein. If this Agreement is terminated for any reason, Buyer shall deliver to State (1) the Documents and Materials delivered to Buyer by State, and (2) at no cost and without warranty as to correctness, copies of all inspections, investigations, tests and studies that were generated by Buyer and/or by third parties for Buyer with respect to the Property, including, but not limited to, all environmental reports, surveys, marketing reports, geotechnical reports, studies, maps and engineering studies, lot studies and improvement plans.

(b.) Conditions to State's Obligations. The Close of Escrow and State's obligation to consummate the transactions contemplated in this Agreement are subject to the satisfaction of the following conditions (or State's waiver thereof) for State's benefit on or prior to the dates designated below for the satisfaction of such conditions, or the Close of Escrow in absence of a specified date:

(i) Buyer's Obligations. Buyer shall have timely performed all of the obligations required to be performed by Buyer under this Agreement;

(ii) Buyer's Representations. All representations and warranties made by Buyer to State in this Agreement shall be true and correct on the date hereof and shall be true and correct in all material respects as of the Close of Escrow;

(iii) Purchase Price. Buyer shall have timely delivered the Purchase Price and other sums owing under this Agreement in good funds to Escrow Holder and fully, faithfully and timely performed all of its other obligations under this Agreement;

(iv) Truthfulness at Close of Escrow. The representations and warranties of Buyer set forth in this Agreement shall be true and correct, on and as of the Close of Escrow as if those representations and warranties were made on and as of such time;

(c.) Failure of Condition to Close of Escrow. If the conditions set forth in Section 7(a) or Section 7(b) are not timely satisfied or waived by the appropriate benefited party for a reason other than the default of Buyer or State which shall be handled in accordance with Section 17, below, this Agreement shall terminate and, except as otherwise provided herein, the parties shall have no further obligations hereunder.

8. Deposits by State. At least one (1) business day prior to the Close of Escrow, State shall deposit with Escrow Holder the following documents:

(a.) Quitclaim Deed. The Quitclaim Deed, duly executed and acknowledged in recordable form by State, conveying fee simple title to the Property to Buyer, subject only to the Approved Conditions of Title.

(b.) California Franchise Tax Withholding. A certification, acceptable to Escrow Holder, that State is exempt from the withholding provisions of the California Revenue and Taxation Code, as may be amended from time to time, and that neither Buyer nor Escrow Holder is required to withhold any amount from the Purchase Price pursuant to such provisions.

(c.) Miscellaneous. Such other documents and instructions as may be reasonably required by the Escrow Holder or Buyer in order to close Escrow in accordance with the terms of this Agreement.

9. Deposits By Buyer. At least one (1) business day prior to the Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder the following:

(a.) Purchase Price. The balance of the Purchase Price (as adjusted by the Deposit and prorations provided for herein), in cash or immediately available funds.

(b.) Miscellaneous. Such other documents and instructions as may be reasonably required by the Escrow Holder or State in order to close Escrow in accordance with the terms of this Agreement.

10. Costs and Expenses. All transfer taxes, title insurance premiums and recording and escrow fees shall be paid by Buyer.

11. Prorations.

(a.) Taxes/Assessments. State is exempt from property taxes and none are or will be owing at Close of Escrow.

(b.) Other Expenses. All other expenses for the Property, if any, shall be prorated as of 12:01 a.m. on the day of the Close of Escrow between the Parties based upon the latest available information.

(c.) Corrections. If any errors or omissions are made regarding adjustments and prorations as set forth herein, the Parties shall make the appropriate corrections promptly upon discovery thereof. If any estimates are made at the Close of Escrow regarding adjustments or prorations, the Party shall make the appropriate correction promptly when accurate information becomes available. Any corrected adjustment or proration shall be paid in cash to the Party entitled thereto.

12. Condition and Inspection of Property. Notwithstanding any other provision of this Agreement to the contrary, State makes no representation or warranty (except as expressly set forth in Section 14, below) whatsoever regarding the Property, the physical condition of the Property, its past use, its compliance with laws (including, without limitation, laws governing environmental matters, zoning, and land use), or its suitability for Buyer's intended use. The Property is sold AS-IS, WHERE-IS, WITH ALL FAULTS, AND THERE IS NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION OF THE PROPERTY. Buyer hereby represents and warrants that Buyer is relying solely upon Buyer's Due Diligence, and prior to end of the Contingency Period will have conducted its own independent inspection, investigation, and analysis of the Property as it deems necessary or appropriate in so acquiring the Property from State, including, without limitation, any and all matters concerning the condition, use, sale, development or suitability for development of the Property. State would not sell the Property to Buyer without the foregoing provision and the waiver and release contained in Section 13 hereof.

13. Property Condition Waiver. Following the Close of Escrow, Buyer waives its right to recover from State, and its directors, officers, employees and agents (collectively, "**State's Representatives**"), and hereby releases State and State's Representatives from, any and all damages, losses, liabilities, costs or expenses whatsoever (including attorneys' fees and costs) and claims therefor, whether direct or indirect, known or unknown, foreseen or unforeseen, which may arise on account of or in any way arising out of or connected with (i) the physical condition of the Property, (ii) the failure of the Property to comply with any law or regulation applicable thereto, and (iii) the environmental condition of the Property. The foregoing waiver and release shall exclude only those losses, liabilities, damages, costs or expenses, and claims therefor, arising from or attributable to (i) a material matter actually known to State (excluding constructive notice) and (1) not disclosed to Buyer and (2) not discovered by Buyer prior to the Close of Escrow, and (ii) any breach by State of its express representations or warranties under

this Agreement. In connection with foregoing waiver and release, Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Buyer's Initials

14. State's Representations and Warranties. In consideration of Buyer entering into this Agreement, State makes the representations and warranties set forth in this Section 14. For the purpose of this Agreement, without creating any personal liability on behalf of such individual, usage of "**to State's actual knowledge**," or words to such effect, shall mean the present, actual knowledge of George T. Carollo, Department of General Services, Real Estate Services Division, Asset Management Branch, excluding constructive knowledge or duty of inquiry, existing as of the Effective Date. In the event that Buyer, prior to Close of Escrow, becomes aware, from State or otherwise, of any inaccuracy or omission in the disclosures, information, or representations previously provided to Buyer by State or its consultants or agents, which will have a material, adverse impact on Buyer, the Property or the intended use of the Property, Buyer, as its sole option and remedy, may either (i) terminate this transaction and receive a refund of its Deposit made by Buyer, thereby waiving any claims or actions that Buyer may have against State as a result of such inaccuracy or omission, or (ii) proceed with the Close of Escrow hereunder, thereby waiving any rights that Buyer may have against State as a result of such inaccuracy or omission. Buyer agrees that, under no circumstances, shall Buyer be entitled to purchase the Property hereunder and then bring any claim or action against State for damages as a result of such inaccuracy or omission, except if such inaccuracy or omission is based on fraud or intentional misrepresentation by State. The representations and warranties of State set forth in this Section 14 shall survive the Close of Escrow for a period of six (6) months.

(a.) State's Authority. State is the sole owner of fee title to the Property and has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby in the execution, delivery and performance of this Agreement. Furthermore, the execution and delivery of this Agreement has been duly authorized and no other action by State is required in order to make it a valid and binding contractual obligation of State.

(b.) No Prior Transfers. Except as disclosed in the Documents and Materials, Title Documents and this Agreement, State has not previously sold, transferred or conveyed the Property, or granted to any other person or entity any right or interest in all or any part of the Property and State has not entered into any executory contracts for the sale of all or any part of the Property (other than this Agreement), nor do there exist any rights of first refusal or options to purchase the Property, other than this Agreement.

(c.) Hazardous Materials. Except as disclosed in the Documents and Materials and Title Documents, to the actual knowledge of State, the Property is not, as of the date of the Effective Date of this Agreement, in violation of any federal, state or local law, ordinance or regulation relating to Hazardous Materials (as defined herein), industrial hygiene or the environmental conditions on, under or about the Property including, but not limited to, soil and ground water condition. The term "**Hazardous Materials**" shall mean any flammable explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances and other related materials including, without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal, state or local laws or regulations.

(d.) Legal Actions. There is no pending lawsuit or, to the actual knowledge of State, threatened suit, action, arbitration, legal, administrative or other proceeding or governmental investigation, which affects the Property.

(e.) Surplus Property Sale. The Property is being sold by State pursuant to the provisions of Chapter 798 of the Statutes of 2012, and in accordance with Military and Veterans Code Section 435 et seq.

15. State's Disclosures.

(a) The State took ownership of the Property in 1949. The Property was operated as a Military armory throughout the State's ownership. The State has posted information about the Property on the States website located at <http://www.dgs.ca.gov/resd/Home/SurplusPropertyForSaleHomepage/comparmory.aspx>. The reports listed in Exhibit B-List of Documents and Materials have been delivered to Buyer and can also be found on the State's website above. The Property improvements were demolished by the state prior to property being offered for sale.

(b) There are improvements located on the property including but not limited to asphalt paving, concrete paving, chain link fencing, concrete block planters, concrete curbing, light standards, business sign, metal bollards (auto stops), concrete auto stops, marked automobile parking spaces, in ground irrigation system, ornamental landscaping. Buyer shall be solely responsible for all costs and expenses associated with all of the following: (i) repairs, improvements, modification or alterations of the existing improvements and infrastructure located on and beneath the Property (ii) demolition and removal of the existing improvements and infrastructure located on and beneath the Property (iii) all Hazardous Material that may exist now or be discovered in the future, including any environmental cleanup, remediation and mitigation measures that may be required on the Property by any governmental agency (iv) all Hazardous Material that may exist now or be discovered in the future, including any environmental cleanup, remediation and mitigation measures that may be required by any governmental agency in relation to or arising out of Buyer's demolition and removal of the existing building and infrastructure located on and beneath the Property, and (v) all Hazardous Material that may exist now or be discovered in the future, including any environmental cleanup, remediation and mitigation measures that may be required by any governmental agency in relation to or arising out of Buyer's intended use and development of the Property.

16. Buyer's Representations and Warranties. In consideration of State entering into this Agreement and as an inducement to State to sell the Property to Buyer, Buyer makes the following representations and warranties, each of which is material and is being relied upon by State (the continued truth and accuracy of which constitutes a condition precedent to State's obligations hereunder):

(a.) Buyer's Authority. Buyer has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement and no other action by Buyer is requisite to the valid and binding execution, delivery and performance of this Agreement.

(b.) Enforceability. This Agreement and all documents required hereby to be executed by Buyer are and shall be valid, legally binding obligations of and enforceable against Buyer in accordance with their terms.

(c.) Conflicting Documents. Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor the occurrence of the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party.

(d.) No Side Agreements or Representations. Buyer represents, warrants and covenants to State that Buyer has entered into this Agreement based upon its rights and intentions to independently inspect the Property. Except as specifically provided in Section 14 of this Agreement, State makes no representation or warranty regarding the condition of the Property, its past use, or its suitability for Buyer's intended use. Buyer will be relying solely upon its own independent inspection, investigation, and analysis of the Property as it deems necessary or appropriate in so acquiring the Property from State, including, without limitation, any and all matters concerning the condition, use, sale, development or suitability of the Property.

(e.) No Attachments. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor-relief laws pending or, to the best of Buyer's knowledge, threatened against Buyer.

(f.) Experienced Developer. Buyer is an experienced developer of sophisticated real estate investor property and is familiar with the kinds of land use and development issues that typically impact the use or developability of property for commercial, residential or industrial uses.

17. Default; Termination.

(a.) Liquidated Damages. BUYER RECOGNIZES THAT THE PROPERTY WILL BE REMOVED BY THE STATE FROM THE MARKET DURING THE EXISTENCE OF THIS AGREEMENT, AND THAT IF THIS TRANSACTION CONCERNING THE PROPERTY IS NOT CONSUMMATED BECAUSE OF BUYER'S DEFAULT, IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN THE EXTENT OF THE DETRIMENT TO STATE. THE PARTIES HAVE DETERMINED AND AGREED THAT THE ACTUAL AMOUNT OF DAMAGES THAT WOULD BE SUFFERED BY STATE AS A RESULT OF ANY SUCH DEFAULT IS DIFFICULT OR IMPRACTICABLE TO DETERMINE AS OF THE DATE OF THIS AGREEMENT AND THAT THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF THE AMOUNT OF SUCH DAMAGES. FOR THESE REASONS, THE PARTIES AGREE THAT IF THE PURCHASE AND SALE IS NOT CONSUMMATED BECAUSE OF BUYER'S DEFAULT, THE DEPOSIT PREVIOUSLY MADE BY BUYER SHALL BE FORFEITED TO STATE AS LIQUIDATED DAMAGES. NOTHING CONTAINED HEREIN SHALL IN ANY MANNER LIMIT THE AMOUNT OF DAMAGES OBTAINABLE PURSUANT TO AN ACTION UNDER ANY HOLD HARMLESS, DEFENSE OR INDEMNIFICATION PROVISION SET FORTH IN THIS AGREEMENT OR REASONABLE ATTORNEYS' FEES RECOVERABLE PURSUANT TO ANY ACTION UNDER A HOLD HARMLESS, DEFENSE OR INDEMNIFICATION SET FORTH IN THIS AGREEMENT.

State _____ Buyer _____

(b.) State's Default. In the event the Close of Escrow does not occur due to a breach of this Agreement by State where such default or breach is not cured by State within ten (10) business days commencing after State's receipt from Buyer of written notice of such default or breach, subject to the limitations set forth in this Section, Buyer's sole and exclusive remedy shall be a return of the Deposit.

18. Damage or Condemnation Prior To Closing. State shall promptly notify Buyer of any casualty to the Property or any condemnation proceeding considered or commenced prior to the Close of Escrow. If any such damage or proceeding relates to or may result in the loss of any "material portion" (as defined herein) of the Property, State or Buyer may, each at its option, elect either to (i) terminate this Agreement, in which event the Deposit shall be returned to Buyer and neither party shall have any further rights or obligations hereunder, or (ii) continue the Agreement in effect, in which event upon the Close of Escrow, Buyer shall be entitled to any compensation, award, or other payments or relief, if any, resulting from such casualty or condemnation proceedings. The term "**material portion**" shall mean damages greater than FIFTY THOUSAND AND NO/100THS DOLLARS (\$50,000.00). The return of the Deposit under this Section 18 shall be paid to Buyer out of any compensation, award, or other payments or relief resulting from such casualty or condemnation proceedings.

19. Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section, shall be addressed to the parties in the

manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile to the number set forth below (provided that, notices given by facsimile shall not be effective unless the sending party delivers the notice also by one other method permitted under this Section); (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (d) one (1) business day after the notice has been deposited with either Golden State Overnight, FedEx or United Parcel Service to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

TO STATE:

Robert McKinnon
Assistant Chief
Asset Management Branch
Department of General Services
State of California
707 Third Street, 5th Floor MS-501
West Sacramento, CA 95605
Facsimile: (916) 376-1833

WITH A COPY TO:

George T. Carollo
Asset Management Branch
Department of General Services
State of California
707 Third Street, 5th Floor MS-501
West Sacramento, CA 95605
Facsimile: (916) 376-1833

Alex Holtz, Esq.
Office of Legal Services
Department of General Services
State of California
707 Third Street, 7th Floor
West Sacramento, CA 95605
Facsimile: (916) 376-5088

TO BUYER:

WITH A COPY TO:

TO ESCROW HOLDER:

Stewart Title of California, Inc.
525 N. Brand Blvd.
Glendale, CA 91203
Attention: Robert Good (Escrow No. 01180-110301)
Facsimile: (818) 543-3542

Each party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this Section 19, and that any person to be given notice actually receives such notice. Any notice to a party which is required to be given to multiple addresses shall only be deemed to have been delivered when all of the notices to that party have been delivered pursuant to this Section. If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A party may change or supplement the addresses given above, or designate additional addressees, for purposes of this Section by delivering to the other party written notice in the manner set forth above.

20. Brokers. State represents and warrants to Buyer, and Buyer represents and warrants to State, that no broker or finder has been engaged by them in connection with any of the transactions contemplated by this Agreement, or to its knowledge is in any way connected with any of such transactions. Buyer shall indemnify, protect, save harmless and defend State from any liability, cost, or expense connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by Buyer in connection with this transaction. State shall indemnify, save harmless and defend Buyer from any liability, cost, or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by State in connection with this transaction. This indemnity provision shall survive the Closing or any earlier termination of this Agreement.

21. Assignment. Buyer shall not assign its right, title, or interest in this Agreement to any other party without the prior written consent of State, which determination may be withheld in State's sole and absolute discretion.

22. Miscellaneous.

(a.) Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(b.) Waivers. No waiver of any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act except those of the waiving party, which shall be extended by a period of time equal to the period of the delay.

(c.) Survival. All of the Buyer's and State's warranties, indemnities, representations, covenants, obligations, undertakings and agreements contained in this Agreement shall survive the Close of Escrow of the Property, and the execution and delivery of this Agreement and of any and all documents or instruments delivered in connection herewith; and no warranty, indemnity, covenant, obligation, undertaking or agreement herein shall be deemed to merge with the Quitclaim Deed for the Property.

(d.) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the grantees, transferees, successors and permitted assigns of the Parties hereto.

(e.) Entire Agreement. This Agreement (including all Recitals and Exhibits attached hereto), is the final expression of, and contains the entire agreement between, the Parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented, superseded, canceled or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. The Parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto.

(f.) Time of Essence. State and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that failure to timely perform any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of and a non-curable (but waivable) default under this Agreement by the party so failing to perform.

(g.) Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the Parties to create the relationship of principal and agent, a partnership, joint venture or any other association between Buyer and State.

(h.) Construction/Exhibits. Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the Parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared the same. Unless otherwise indicated, all references to paragraphs, Sections, subparagraphs and subsections are to this Agreement. All exhibits referred to in this Agreement are attached and incorporated herein by this reference.

(i.) Governing Law. The Parties hereto acknowledge that this Agreement has been negotiated and entered into in the State of California. The Parties hereto expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

(j.) Days of Week. A "**business day**," as used herein, shall mean any day other than a Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date for performance herein falls on a day other than a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day.

(k.) Possession of Property. Except as disclosed in the Title Documents and this Agreement, Buyer shall be entitled to the possession of the Property immediately following the Close of Escrow.

(l.) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

(m.) Facsimile Signatures. In order to expedite the transaction contemplated herein, telecopied signatures may be used in place of original signatures on this Agreement. State and Buyer intend to be bound by the signatures on the telecopied document, are aware that the other party will rely on the telecopied signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the use of a facsimile signature.

(n.) Termination Documents. If this Agreement is terminated prior to the Close of Escrow for any reason, Buyer shall deliver to State the following documents and materials (collectively hereinafter referred to as the "**Termination Documents**"): (i) the Documents and Materials delivered to Buyer by State, and (ii) at no cost and without warranty as to correctness, copies of all inspections, investigations, tests and studies that were generated by Buyer and/or by third parties for Buyer with respect to the Property, including, but not limited to, all environmental reports, surveys, marketing reports, geotechnical reports, studies, maps and engineering studies, lot studies and improvement plans. It is understood and agreed that, with respect to any provision of this Agreement which refers to the termination of this Agreement and the return of the Deposit to Buyer, such Deposit shall not be returned to Buyer unless and until Buyer has fulfilled its obligation to return to State the Termination Documents.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

SAMPLE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

“State”
STATE OF CALIFORNIA
Department of General Services
Real Estate Services Division

By: _____
Jim Martone, Chief
Asset Management Branch
Department of General Services

Date: _____

Approved as to Form:

By: _____
Alex Holtz
Attorney III
Department of General Services

Date: _____

“Buyer”

By: _____

Date: _____

RECEIPT BY ESCROW HOLDER

The undersigned Escrow Holder hereby acknowledges that on _____, 2015, which, pursuant to Section 1 is the "**Effective Date**," the undersigned received a fully executed duplicate original (with all appropriate Sections initialed by both parties) of the foregoing Agreement of Purchase and Sale and Initial Escrow Instructions by and between _____, as Buyer, and THE STATE OF CALIFORNIA, acting by and through its DEPARTMENT OF GENERAL SERVICES, as State.

Subject to Escrow Holder's receipt of acceptable escrow instructions, Escrow Holder agrees to act as the Escrow Holder under this Agreement and to comply with these instructions.

Escrow Holder:

By: _____

Its: _____

Date: _____, 2015

EXHIBIT A

Legal Description of Property

The land referred to herein is situated in the State of California, County of Los Angeles, City of Compton and described as follows:

That portion of the 249.89 acres Tract, in the Rancho Tajauta, allotted to Matthew Keller by final decree in partition entered in Case No. 1200 of the 17th Judicial District Court, in and for said County, a certified copy thereof being recorded in [Book 31 and Page 154](#) et seq., of Deeds, in the Office of the County Recorder of said County, described as follows:

Commencing at the Northeast corner of said Tract, on the County road running North and South at Section No. 1 thereof; thence West along the North line of said Tract, to the center line of the 100 foot strip of land described in the deed to the Los Angeles County Flood Control District, recorded in Book [Book 6985 and Page 289](#), of Deeds, records of said County, and shown on the Map of Tract No. 11727, recorded in [Book 245 and Page 31](#), of Maps, being the true point of beginning for this description; thence continuing West along the North line of said 249.89 acres Tract, 422.96 West, more or less, to the line of Hudspeth; thence South along the East line of said Hudspeth land, 438.24 feet; thence East parallel with said North line being along the Westerly prolongation of the South line of said Tract No. 11727, a distance of 524.89 feet, more or less, to the center line of said 100 foot strip of land; thence Northwesterly along said center line to the true point of beginning.

Except the West 40 feet thereof.

Also excepting an undivided half of all oil, gas and minerals and for all oil, gas and minerals upon and under the above described land, with no right of entry on the surface of said land for the purpose of extracting oil, gas and minerals thereon and thereunder, as excepted and reserved in deed from Security First National Bank of Los Angeles, a corporation, recorded December 3, 1970 as Instrument No. 97 [Book 18032 and Page 73](#), of Official Records.

APN: 6145-004-900

(End of Legal Description)

EXHIBIT B
List of Documents and Materials

Offer Form

Preliminary Report dated June 16, 2014, order number 01180-110301

Assessor Map

Property Summary Sheet

Request for Written Offers dated January 30, 2015

Phase 1 Environmental Assessment dated August 26, 2014 by Avocent Environmental INC.

Phase 2 Environmental Assessment dated August 27, 2014 by AVOCENT Environmental INC.

Estimated Easements Location (Plotted)

Underground Storage Tank Closure Certification dated January 7, 2009

EXHIBIT C

Form of Quitclaim Deed

SAMPLE